



**National Farmers Union**

**Testimony of Russell Kremer**

**Before the  
U.S. House of Representatives  
Committee on Small Business  
Subcommittee on Rural and Urban  
Entrepreneurship**

**Concerning Broadband Technology &  
Economic Development in Rural America**

**Wednesday May 9, 2007  
Washington, D.C.**

**STATEMENT OF RUSSELL KREMER**  
**PRESIDENT, MISSOURI FARMERS UNION**  
**BEFORE THE U.S. HOUSE OF REPRESENTATIVES**  
**SUBCOMMITTEE ON RURAL AND URBAN ENTREPRENEURSHIP**  
**CONCERNING BROADBAND TECHNOLOGY & ECONOMIC**  
**DEVELOPMENT IN RURAL AMERICA**

**MAY 9, 2007**

Chairman Shuler, Congressman Fortenberry and members of the subcommittee, thank you for the opportunity to testify today. My name is Russ Kremer, and I am the president of the Missouri Farmers Union. Today I am here on behalf of the National Farmers Union (NFU), our nationwide organization representing family farmers, ranchers, fishermen and rural residents. In addition to running a diversified family farm in Osage County, Missouri, I am a board member of Cooperation Works, a national network of cooperative developers. I appreciate the opportunity to highlight the importance of accessible and reliable broadband service to the producers and communities of rural America.

The future of rural America, particularly family farmers and ranchers, depends on high-speed access to the internet. In 2005, the National Agricultural Statistics Service (NASS) conducted a study on farm computer usage and ownership. While the results showed that 51 percent of U.S. farms had internet access, further investigation uncovered that dialup was the most common method of accessing the internet with 69 percent of U.S. farms. It is encouraging that more farmers and ranchers gain computer accessibility each year, either through ownership/leasing of computers or through community programs. However, it is alarming that the vast majority of them must do so at the slowest connection speed possible.

NFU supports efforts to provide competitively priced, high-speed broadband internet access for rural America. We urge collaborative efforts and public-private initiatives that leverage internet based technologies and use the internet to improve communications, reduce costs, increase access and grow farm businesses for producers and their cooperatives. Illinois based NOW Wireless, LLC, and the Missouri Farmers Union, in response to the demand for affordable, modern telecommunications access for farmers and residents living in remote areas, helped establish USA Broadband, LLC (USAB). USAB has partnered with subscriber based cooperatives and developed successful networks that are making this access possible. To date, USAB is the premier provider of high-speed wireless broadband internet, voice communication and video services to rural communities. The company maintains its focus on providing a superior broadband product backed with exceptional customer care.

In June 2006, the Eastern Illini Electric Cooperative, IlliCom Telecommunications and USAB joined forces to offer CONXXUS, a broadband internet company that focused on providing a wide range of high-speed broadband service to rural residents within Eastern Illini Electric Cooperative's 10-county service area (6,000 square miles and 240,000 homes and businesses). USA Broadband President, Barry Goodwin, was quoted as saying, "CONXXUS has a solid foundation already established in the Paxton, Illinois community. We will continue to provide these same quality services and outstanding customer relations, while effectively expanding our service territory to include all of east-central Illinois. CONXXUS will provide that technology and offer unprecedented access to such things as Virtual Private Networks (VPN), distance learning opportunities, telecommuting, telemedicine, and complete connectivity throughout whole towns." Eastern Illini Electric Cooperative is a member-owned rural electric cooperative based in Paxton, Illinois that supplies energy solutions to approximately 11,000 members. IlliCom Telecommunications, a subsidiary of Eastern Illini, is a provider of high-speed wireless internet services, website design and hosting, video/internet services for multiple dwelling units, and dial-up internet services in eastern Illinois.

The internet is a necessary tool for farmers and ranchers, who will be at an economic and competitive disadvantage if unable to use the same high-speed internet connections that are available to other small businesses around the country. Farmers and ranchers rely on the internet to check weather, market and crop reports and search for suppliers of feed and equipment. Furthermore, family owned farming businesses need real-time access to online banking, accounting, order fulfillment and freight forwarding. Given the current economic climate, it is imperative that producers devote as much time as possible to marketing their products and exploring new markets. The ability to conduct financial transactions online would save individual producers hours of administrative work and translate into tremendous financial incentives at the farm level.

Access to broadband is imperative if we are to renew the rural landscape. Retaining and attracting aspiring young farmers and rural entrepreneurs is essential to securing a sustainable rural economy. NFU has developed local, community based cooperatives that produce and process food with the wholesomeness and integrity that consumers demand. Broadband services provide the link between these collective entrepreneurial businesses in rural areas to consumers throughout the country.

NFU's *www.e-cooperatives.com* is the world's first innovative portal to directly locate and buy quality food products, plus other goods and services, online from hundreds of U.S. agricultural producers and their co-ops in rural America. Both producers and consumers are able to access the *www.e-cooperatives.com* database via searchable categories for American family farms, ranches, cooperatives and rural businesses according to location, type of business, growing practices, available products, specialty goods and niche items. The E-Commerce Timeline Learning Model guides producers through every step of the process, from planning to web development and product design to marketing. This site originated as a technical assistance project of NFU and initially funded in part by grants from USDA's Rural Development agency. By eliminating the digital divide and providing more rural areas with high-speed internet access, we can help

producers market and sell their quality products and educate consumers about the value of family farms and ranches.

Providers do not deny that there is a need for expansion into less urban areas, but investing in rural America needs to be attractive to investors and providers. Technical assistance is important. Broadband access cannot be expanded without providing the support infrastructure necessary to make it successful. High-speed access is a wonderful tool, but significant administrative challenges of getting into the homes of agricultural producers must be addressed. A single broadband company with a monopoly would have no incentive to maintain the same level of service offered to subscribers in heavily populated areas or to provide any service to sparsely populated areas; mergers and consolidations that remove or limit competition in rural markets should not be permitted. It is important to get an accurate portrayal of where the neediest areas are and how to provide broadband technology in those areas. Investigation into broadband access in rural areas reveals that most beneficiaries reside in larger towns.

Service providers tend to exercise great selectivity in the sectors of rural America in which they invest. As producers, we face great obstacles in attracting adequate financing and equity investment for broadband buildout in under-served areas. One solution is to establish federal incentives or tax credits to investors who supply equity to rural broadband initiatives in under-served areas. Similarly, federal loan guarantees or a reduction of the required equity match of the USDA Rural Utilities Service (RUS) program from 20 percent to one percent could make expansion projects more attractive and viable. I encourage you to evaluate these respective funding commitments and give consideration to decreasing the amount of money from state resources and mandate the federal government provide the maximum amount of funding possible.

The House Agriculture Subcommittee on Specialty Crops, Rural Development and Foreign Agriculture recently held its own hearing on rural broadband programs operated by USDA's RUS. The outcome of the hearing was a resounding message that access to broadband is the limiting factor in the economic growth of our rural communities. I encourage this subcommittee to work with your counterparts in the agriculture sector to find the most efficient and affordable way to provide rural America with reliable broadband access.

We believe that USDA's RUS is the appropriate agency to help expand technology and keep it up to date. RUS is an excellent example of how the federal government, rural cooperatives, nonprofit associations, public bodies and for-profit entities can work together to shrink the urban-rural divide. Funding of RUS programs should be increased above current levels and account for the additional staff that will be needed to accommodate the needs of rural citizens.

Similar to the first days of electricity, rural America is being left behind. It should be a national priority to include rural areas of the country in broadband buildout. Rural access to advanced telecommunications provides tools for enhanced medicine and education. The slow pace of rural broadband expands the educational divide in our country.

Reliable access opens the door for distance learning opportunities in rural schools. As a family farmer, I am greatly concerned that lack of high speed access is driving the younger generation out of rural America and into more urban environments. Better broadband means a better place to live, increased entrepreneurship, and retention of young people. High-speed internet connections make it more appealing for other businesses to enter rural areas that would otherwise refrain from establishing commercial outlets.

We applaud the efforts of the farmers and ranchers who have taken the initiative to work towards a reliable and affordable expansion of broadband technology. In fact, the genesis for the most successful cooperative efforts can be found on the farms and ranches of rural America, not in the bustling urban areas of the nation. I thank you for including an agricultural representative on today's panel and welcome any questions you may have.